

City Redevelopment Agency

SUSANVILLE REDEVELOPMENT AGENCY

Response Requested: Susanville City Council

Findings: The Lassen County 2003/04 Grand Jury, Government and Finance Committee are aware of concerns raised in the City of Susanville independent audit by Haws, Theobald and Auman on the Susanville Redevelopment Agency dated August 28, 2003 as well as the financial statement dated June 20, 2003, the latest information available.

The concerns of the Lassen County Board of Supervisors about the boundaries of the City Redevelopment Agency resulted in a court decision favoring the Lassen County's position. This stated the boundaries as presented in the court case contained areas that could not be, according to guidelines, be considered blighted. The City, by court order, then repealed the July 2000 ordinance establishing the redevelopment project and two-redevelopment project and two redevelopment resolutions at the Council meeting of February 19, 2003.

The Susanville Redevelopment Agency is a component unit of the City of Susanville and is governed by a Board of Directors, which is the City Council.

The Grand Jury will not comment on the Redevelopment process but will detail the financial obligations the Susanville Redevelopment Agency has incurred. The City general fund advanced funding necessary to operate the Agency. The Redevelopment Agency has issued notes to the City of Susanville as listed below:

Balance as of June 30, 2003, the latest information available:

- 1) 6% Unsecured note payable to the City of Susanville payable in full plus interest on May 17, 2005.....\$74,984
- 2) 6% Unsecured note payable to the City of Susanville payable in full plus interest on May 17, 2005.....\$100,000
- 3) 6% Unsecured note payable to the City of Susanville payable in full plus interest on June 20, 2006.....\$70,000
- 4) 6% Unsecured note payable to the City of Susanville payable in full plus interest on September 14, 2006.....\$40,000

5) 5% Unsecured note payable to the City of Susanville payable in full plus interest on
September 19, 2006.....\$100,000

Total Redevelopment Debt.....\$384,984

The question the Grand Jury asks the Susanville City Council:

Facing uncertain budget conditions due to the State of California budget crisis and other demands on the City general fund, can the Redevelopment Agency continue to be supported by the City General Fund?

In the independent audit of June 30, 2002, the recommendation to the City is that this debt be written off as uncollectable. The City concurred in these recommendations. The City has not done this to date. (5/1/04)